

In what ways will demographic trends help shape economic and foreign policies of the EU out to the year 2020?

Discussion Paper

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National Intelligence Council 2020 Project Workshop
Budapest, 27-29 April, 2004

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Introduction

All European countries, be they advanced market economies or countries in transition, share the main features of the demographic future. Low fertility is expected to persist, population ageing will continue with accelerating pace in the next decades. These trends will require some considerable societal adaptations and reform regarding work, family life and social protection.

Below-replacement fertility is widespread throughout Europe and several countries are experiencing fertility levels that are extremely low. As a consequence long-term generational replacement is no longer guaranteed and the combined effect of increased longevity and decreased fertility is resulting in fast population ageing. The mainstream policy discourse, at the European and national level is strongly focused on adaptation of social security systems in view of offsetting the negative consequences of population ageing. However, adaptation to the consequences may not be sufficient, especially in the long-term, and the cluster of determinants of population ageing associated with low fertility will also need to be addressed in comprehensive population-friendly policies.

The life course paradigm characteristic of the last decades of the 20th century has largely been shaped by the capital-intensive economic growth policies. The state intervention in social protection through re-distribution of income policies was largely limited to buffering risks inherent to the economic model of the monetarist regimes.

The key population challenge of the 21st century is associated with the economy of time. The way people spend time on daily activities, spread activities during their life course, and manage risks associated with family dynamics, maternity, labour force participation, retirement and old-age over their entire life span, will largely affect the quality of life of individuals, intergenerational solidarity, social cohesion in general, and trans-generational continuity.

The European demography of 2020

Most demographic phenomena evolve at the pace of a generational time span and, in modern culture, usually also change at a gradual pace: the number of people that will form the elderly population section in 2020 is already born and has, in the absence of major catastrophic events, a high probability of reaching that stage of life. Also the number of people who will constitute the labour force in 2020 are born or are already part of the active population. The number of children to be born in 2020 depends partly on the number of women born at the end of the former century and partly on their timing and intensity of reproduction, - the latter being a phenomenon that, in absence of social or other catastrophes, changes only slowly over time. The only demographic phenomenon that might evolve at a faster and more sudden pace is immigration, because this depends largely of policy decisions. But also this determinant of the demographics of 2020 is subject to the inertia of present political and social constellations and cannot, consequently, be supposed to undergo fundamental changes, e.g. in the direction of allowing massive, uncontrolled or non-selective immigration.

The time perspective of the Global Trends 2020, consequently, is very short to allow drafting significantly distinct, alternative population scenarios which, moreover, are supposed to be reasonably plausible.

The European social and policy context

The design of alternative plausible demographic scenarios has to take into account the “*acquis communautaire*” of the European social model with its strong and diversified social protection system. Current fertility differentials in Europe, more particularly between North and South are generally considered to be linked to the degree of development of social protection, gender equality and child- and family friendly societal structures and climate. Fresh in mind is also the steep fertility decline in the Eastern European countries after the breakdown of the social protection systems in those countries around the time of the transition to neo-liberal market economy.¹

Policy makers in Europe are quite well aware of the societal challenges resulting from the current and expected population dejuvenation and population greying.² The large majority of Europeans also disapprove of the expected trends with respect to population decline and population ageing, as appears from the current wave of the Population Policy Acceptance Surveys in 13 Eastern and Western European countries.³

According to expert opinion, the societal challenges with respect to population dejuvenation and population greying, will require quite fundamental and long-term socio-economic, socio-ecological and socio-cultural changes.⁴ However, Europe is characterised, within as well as between its societies, by a salient ideological pluralism in

¹ Avramov, 2003; Philipof and Dorbritz, 2003

² e.g. Cliquet, 2004

³ Avramov and Cliquet, forthcoming

⁴ CBGS, 2003; Avramov and Cliquet, 2004

attitudes and views with respect to several crucial family and population issues. A coherent and integrated view on a present-day population-related policy is needed in the mainstream policy debates both at European and national levels.

Moreover, the demographic challenges of modern societies will require, in addition to indispensable short-term adaptive policies, long-term policy strategies to modify the current demographic regimes. A fundamental difficulty in reconciling immediate and long-term policy effects reside in the fact that short-term adaptive policies more or less correspond to the political time schedule of elections in democratic countries, while long-term strategies require transcending this temporal dimension and including intergenerational dimension of population-friendly policies.

As far as concerns attitudes and expectations at the population level, the present combination of dominant cultural values with respect to quality of life, social protection and social rights acquisitions and expectations, and the increasing labour insecurity as a consequence of the increasing international economic competition related to a runaway globalisation, reinforces the individualisation and short-term vision trends that hamper the introduction and acceptance of more fundamental and long-term envisioned policy changes.

The political and social inertia towards population-related policy changes requires the designing of alternative population-related policies, some of which could gradually be introduced and implemented in the coming years.

Plausible alternative population-related policy scenarios

The demographic challenges of modern societies – population dejuvenation and population greying – can be addressed by three types of population-related policies: fertility-related policies, longevity-related policies and migration-related policies. Each one can be conceived and implemented in a single-dimensional scenario or together in a multidimensional scenario. However, it is necessary to be aware of the fact that only a comprehensive and long-term designed policy scenario in which all three of the basic demographic determinants – fertility, longevity and migration – are being dealt with, can address effectively the major demographic challenges of population dejuvenation and population greying and their multiple societal consequences. Whereas some aspects of an immigration-focused policy or of a population greying-related policy can be expected to have relatively short-term results, most of the fertility-focused policy measures can only be expected to have effects over a longer-term period, i.e. beyond 2020.

Population-related policies with respect to fertility

This policy option is based on the hypothesis that it is desirable to redress fertility at or around replacement level, and more in particular that Europe ('s policy makers) would want to deal with the more fundamental causes of the currently expected demographic trends in the domain of population dejuvenation.

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This option will require a comprehensive and multifaceted policy effort in domains such as gender relations, family and child relations, environmental design, child and family values, and life course organisation. It can only produce results on a longer-term time scale. Although it cannot be expected that the implementation of this option leads to significant results by the year 2020, it could be initiated and gradually developed in the coming years.

Gender equality and emancipatory policies

Eliminating existing inequities with respect to gender, not only taking into consideration that women still have a higher parental investment in children than men, but also because modern society is still largely designed to suit men, is of primary importance. Policies in this field may not only have to be of a structural nature, mainly to facilitate the combination of motherhood with other activities, in particular participation in the labour force, but also deal with the existing male mentality towards gender related task divisions with respect to child caring and rearing, so that men can fully share family responsibilities with their partners. Gender equality in the domain of family-work relations might be favoured by a generalised reduction of working time.

Family and child-friendly policies

There is a necessity to further eliminate existing parent-linked financial inequities. Children are not only to be seen as an individual gratification to their parent(s), but also as important for societal life and continuity. Inequities with respect to parenthood not only concern the cost of children (including the opportunity costs), but also the costs of care, protection, and insurance of the adults.

Creation of a more child-friendly environment

The organisation and functioning of modern society is in many respects child-unfriendly. In many urban environments more care and place is given to cars than to playgrounds and safe paths for children. Considerable work has to be done in creating a child-friendly town and country planning. Also much stronger childminding facilities should be provided in all kinds of social contexts – work, leisure, gatherings, etc., so that it appears clearly that children are welcome and are a constituent in our societies.

Promoting child and family oriented values

If all of the above-mentioned measures might contribute to eliminate inequities and, consequently, help people to have the number of children they want without having to be deprived of the privileges and advantages adults without dependent children can enjoy, they may, but will not necessarily increase the desired number of children to such an extent that long-term generational replacement at the population level is guaranteed. Indeed, in most countries, the frequency distribution of desired family size does not ensure long-term population replacement. Low fertility might, consequently, also require the valuation of behavioural variation in reproduction. In the absence of substantial and continuous immigration flows, long-term generational replacement can only be

guaranteed when quite a large number of women surpass the one or two child family size, in order to compensate for those who cannot or do not want to have children or who have only one child.

Rethinking the life course perspective of work, parenthood and retirement

The current toolbox of family-friendly measures might, in the end, prove to be insufficient to resolve the dilemmas facing individual women and men with respect to genuine gender equity, on the one hand, and on the other hand, dilemmas of modern societies with respect to intergenerational continuity and redistribution of resources between generations. Public policies have so far rather badly managed the economy of time of individuals and families in a life-long perspective.

To reconcile the peak years of family formation with competition in the labour market, the entire life course perspective of employment and retirement might have to be rethought so as to give more free time and resources to young families and to create conditions for active ageing that entails also the option of working at higher ages long after children have gained autonomy.⁵

Policy options with respect to longevity

This policy option is based on the hypothesis that it is desirable to deal with population greying.

It also includes several domains of policy action: activating the older adults, adapting the social protection system, and reinforcing intergenerational solidarity.

Active ageing

Contrary to the biological ageing process which resulted in a lengthening of life and opportunities to prolong an active life up to a much higher age than ever before in human history, social ageing developed in an opposite direction, with more and more people, retiring at ever younger ages, either because society excluded them from the labour force, or because people, being unsatisfied with their work conditions, took advantage of the early retirement schemes.

The unfavourable effects of population ageing (increasing elderly dependency ratio) can be counteracted by promoting an active ageing policy, keeping older, able workers much longer, though in a variable and flexible way, in the work force. Early pension schemes should, consequently, be reduced and legal and de facto age of retirement gradually increased. These measures should, obviously, be integrated in a redesigned work pattern for all age groups in an comprehensive work/family-friendly/social and retirement policy context.⁶

⁵ Avramov and Cliquet, 2003

⁶ Avramov and Maskova, 2003

Adapting the social protection system

The social protection system – pension system, health care and other public funded care – will have to be adapted to keep it sustainable in a long-term perspective. The traditional pension systems in Europe should be reformed and adapted to the new demographic regime. They should be neutral, fair, and robust with respect to the further expected increase of longevity. Pension reforms should be part of an integrated policy together with population policies and welfare and labour market reforms.

Each isolated specific adaptive measure to population ageing on itself – pension system reforms, changing labour participation, activating older people, increasing immigration, redressing fertility – will help but will not resolve the problem. An integrated, multi-sectorial policy, involving all of those measures, will be needed to address adequately the long-term challenge of population ageing.

Intergenerational solidarity

Although most measures will have to be of an organizational or financial nature and pertain to specific problems, population ageing might also necessitate behavioural changes, and more particularly require the strengthening of intergenerational solidarity with a view to maintaining or redressing intergenerational equity in life opportunities and options.

Policy options with respect to migration

This policy options is based on the hypothesis that immigration is a desirable instrument to compensate perceived deficiencies in population size and age structure in Europe.

However, contrary to what is often believed, mass immigration is not a solution to demographic ageing, because the average age of immigrants is only a little lower than that of natives and the initially higher fertility of immigrants soon decreases to lower levels. Immigrants themselves age and both natives and immigrants need ever more immigrants to compensate for the population ageing and to replace them (Avramov and Cliquet, 2004).

Mass immigration can help to reduce the decrease in the size of particular age groups and of the population as a whole, but it raises many other societal questions. The costs and benefits of migration need to be assessed in a comprehensive way and in a longer-term perspective, and not just by taking into account current demand for particular labour and its immediate benefits. The total cost of the integration process, including education, health and housing needs of immigrants and their descendants, the net effects on social cohesion, security and stability, particularly in view of relations between the autochthones and allochthones has to be considered.

Selective immigration

Therefore, immigration must be selective and numerically adjusted to the specific labour needs and reception capacity of the host country. Complex modern societies cannot cope, without provoking or experiencing serious social strife and disorder, with indiscriminate or mass immigration. Immigration needs to be sustainable for the receiving country, and must contribute to the society's welfare, security, stability and cohesion.

Compensating for both population size and age structure deficiencies requires a basket of measures of which migration might be one of the minor components. Possible shortages on the labour market should first be addressed by valuing, mobilising and integrating the existing reserves of manpower of native as well of foreign origin, the latter often being confronted with higher than national average rates of unemployment, instead of enabling enterprises to recruit labour at no cost for themselves but shifting the cost to the society at times of economic restructuring of firms.

Immigrant integration

Immigrants, more particularly of ethnic distant origin, need active integration policies to avoid creation of ethnically stratified societies. People migrate in order to improve their living conditions and their quality of life. Inadequate integration, especially of second and third generation migrants, as can be seen in several European countries, can result in ghetto formation, limited opportunities to upward social mobility or full participation in all aspects of social life in the host country.

Integration of migrants implies also the acceptance by the national population of the cultural identity and values of the immigrants as far as they are not against the law or in conflict with fundamental European values concerning individual development, educational opportunity, gender equality, human dignity, democracy and individual's place in society in general.

Illegal migration

The potential for immigration from developing countries is so huge, given the demographic, economic and political disbalances in many developing countries, that Europe cannot absorb but a small fraction of the existing and expected migration pressures. Illegal immigration must, consequently, be adequately controlled.

Conclusion

The time interval up to 2020 is too short to realize plausible alternative population scenarios for Europe. This time perspective and the existence of the strong infrastructure of the advanced welfare regimes and the high value Europeans attach to social protection systems lead us to argue that the feasible scenario is of adaptation rather than radical reform. The demographic challenges in the domains of population rejuvenation and

population greying in Europe require the design and implementation of adequate, long-term population-related policies.

Population-related policy scenarios have been identified in the domains of fertility, longevity and migration. They can be implemented either in single-dimensional scenarios or in one comprehensive multidimensional scenario. It is argued that only the latter can adequately address the long-term challenges in the domains of population dejuvenation and population greying.

An alternative scenario, not entirely impossible but highly undesirable, would entail the dismantlement of the existing systems of old-age/survivors' pensions, sickness, health care and disability, family/children, unemployment, housing and social inclusion policies, measures and services. The price of which would be, in the European conceptualisation of development, huge in terms of social cohesion and demography.

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